

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 2002-342

July 3, 2003

CENTRAL MAINE POWER COMPANY,  
Revision to Terms and Conditions in  
Response to Chapter 395 of the  
Commission's Rules and Request for  
Waiver of Section 9(D)(2)(A) of Chapter  
395

ORDER GRANTING PARTIAL  
WAIVER FROM CHAPTER 395,  
§ 9(C)(3)

WELCH, Chairman; NUGENT and DIAMOND, Commissioner

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**I. SUMMARY**

In this Order, we grant CMP's request for a partial waiver of Chapter 395, § 9(C)(3), which governs payments by subsequent customers connecting to a line extension and payments to earlier customers. Under the waiver, no further payments to CMP by new customers or by CMP to earlier customers will occur once the "customer responsibility" amount for customer(s) who initially paid for the line extension drops below \$100. We also approve a revised Term and Condition that is consistent with the waiver.

**II. DISCUSSION**

On October 28, 2002, following discussions and agreement by Staff, CMP requested waivers of two provisions of Chapter 395. We addressed the first requested waiver in the Order we issued in this docket on June 17, 2003. We deferred ruling on the second request so that the Commission Staff could obtain additional information about the proposed partial waiver. That process led to a clarification of CMP's request for waiver and a redraft of its proposed Term and Condition.

Section 9(C)(1) of the Rule states that when an additional customer connects to a line extension that is less than 20 years old, the cost of the extension must be reallocated among old and new customers. Under Section 9(C)(2), a new customer must pay the share that is calculated for that customer location pursuant to the reallocation. The customer pays the amount of that share to the T&D utility. Under Section 9(C)(3), the T&D utility must distribute the money it receives from the new customer to the earlier customers served by the line extension. When a new customer is added to the line extension, the costs of the line must be reallocated. The amount paid to each previous customer after reallocation equals the difference between that customer's responsibility under the prior and revised allocations. In addition, the total amount paid in by new customer(s) exactly equals the amount(s) paid out to earlier customer(s).

CMP has requested a partial waiver from Section 9(C)(3). Under the proposed waiver (as revised in the June 25 filing), once the “amount remaining for reimbursement to the customer or customers who initially paid for the extension (or the customer at the location of the customer or customers who initially paid for the extension) [is] less than \$100,” CMP would not require new customers to pay to connect to the line and would not make any further reallocations or reallocation payments to prior customers. In short, the line would no longer be a “line extension” subject to the allocation provisions in Section 9 of the Rule. Conversely, if the remaining customer responsibility of the “customer who initially paid” is \$100 or greater, the waiver does not apply, the reallocation process continues, new customers must pay allocated shares to connect, and prior customers receive payments.

An alternative description of the “customer who initially paid” may aid in understanding the waiver. Under the Rule, at least one of “the customers who initially paid for the extension” definitionally will be the customer located at the end of the line extension, i.e., the longest distance from the beginning of the line extension.<sup>1</sup> Section 9(D)(1) uses the terms “customer responsibility” or “customer share” to describe the amount in dollars, either originally, or after allocation or reallocation, of each customer’s share in the allocated line extension costs of the total cost of the line extension. Each customer’s share is related to the length of the line extension that serves that customer; the customer(s) at the end of the line extension will have the highest share(s). The “customer or customers who initially paid for the extension” (as used in CMP’s waiver request and proposed revised Term and Condition) and the customer with the largest “customer share” (the Rule’s terminology) are therefore identical concepts.<sup>2</sup> It is when that customer’s share drops below \$100 that the line extension terminates.

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<sup>1</sup> If a line is later extended beyond the farthest customer, it is not part of the original line extension; it is a separate line extension. Nevertheless, customers who connect to a “later” line extension must also make payments to earlier line extensions (and will receive reallocation payments from both line extensions). See *Chapter 395*, § 9(E). For allocation purposes on the earlier line, those customers “shall be considered as being located at the point at which the newer extension connects to the earlier extension.” *Id.* If the newer line extension starts at the end of the earlier line extension (rather than laterally from some point along it), all of the customers served by the later extension will have customer shares equal to that of the customers located on the earlier extension who “initially paid” or who has the largest customer share.

<sup>2</sup> CMP’s reference to plural “customers” is potentially confusing in some instances. If two or more customers initially paid for the line extension, and both are located at the end of the extension, both will have the same “customer responsibility” or “customer share” under the Rule. If, however, one is at the end of the extension and the other part way along it, the customer at the end will have a greater share. In that case, when the share (or “amount remaining for reimbursement”) of the customer at the end of the extension drops below \$100, the share of the other original customer necessarily will also be less than \$100. CMP’s Term and Condition, in its plural

An alternative description of the waiver itself may also add clarity. The waiver applies when *every* customer's share is less than \$100. It does not apply if *any* customer share is \$100 or greater. If the waiver does not apply, the reallocation process continues, new customers must pay allocated shares to connect, and prior customers receive payments, even though many (or even all but one) of the shares are less than \$100.

We note that the request for waiver applies only when the "customer share" of the "customer or customers who initially paid for the extension" (and, therefore, all customers) becomes less than \$100. It is not a request for a waiver whenever any particular *payment* due to an earlier customer is less than \$100. For example, if a prior customer's "share" in the line extension was \$900 prior to a reallocation and \$850 after the reallocation, CMP would pay that customer \$50. CMP proposes the waiver apply only when the remaining shares of the customers are less than \$100.

Finally, as noted above, when a line extension is later extended a further distance (either from the end of an existing line extension or laterally from a point along it), it is a separate line extension. Ch. 395, § 9(E). Customers located on later line extensions must pay into (and are paid from) earlier line extensions that serve the customer that are less than 20 years old. *Id.* However, the two extensions and their allocation processes are independent; they expire on different dates, and each line extension's costs and allocation processes are separate. Thus, if a customer on a later line extension has paid into two line extensions, the allocation process for one of the extensions may have ceased (because all shares are less than \$100), but the allocation process for the other may be ongoing.

CMP's rationale for the partial waiver is that when all of the customer shares of a line extension have dropped below \$100, the line has reached a density level beyond which the benefits of continued allocations and payments are outweighed by administrative inconvenience. CMP states that the waiver "will reduce the administrative burden that the Company will face with what would be continuous payments of increasingly smaller and smaller amounts to certain customers over the 20-year allocation period." We find that CMP's rationale constitutes good cause to grant the waiver.

## V. ORDERING PARAGRAPHS

Accordingly, we

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alternative ("customers"), requires *both* original customers to have shares of less than \$100 for the line extension to terminate; this can only happen if the greater share is less than \$100.

1. The request by Central Maine Power Company (as revised in its filing of June 25, 2003) for a partial waiver of Chapter 395, § 9(C)(3). Under this partial waiver, CMP shall no longer allocate the total costs of a line extension, require subsequent customers to the line to make an allocated payment toward those costs, or make payments to prior customers whenever the amount remaining for reimbursement to the customer or customers who initially paid for the extension (or the customer at the location of the customer or customers who initially paid for the extension) is less than \$100. Stated alternatively, the waiver applies whenever the share (as that term is used in Chapter 395, § 9(D)) of the customer with largest share is less than \$100 or whenever the shares of all customers responsible for the costs of the line extension are less than \$100.

2. Approve the revision (as last modified in its filing of June 25, 2003) to Section 7.1.C.3 of the Terms and Conditions of Central Maine Power Company.

3. ORDER that this docket shall be closed.

Dated at Augusta, Maine, this 3<sup>rd</sup> day of July, 2003.

BY ORDER OF THE COMMISSION

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Dennis L. Keschl  
Administrative Director

COMMISSIONERS VOTING FOR: Welch  
Diamond

COMMISSIONER ABSENT: Nugent

**NOTICE OF RIGHTS TO REVIEW OR APPEAL**

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within **21** days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.